

SECOND AMENDMENT TO RECIPROCAL OPERATING AGREEMENT

THIS SECOND AMENDMENT TO RECIPROCAL OPERATING AGREEMENT (this "Agreement") is made and entered into effective as of the ____ day of December, 2001 (the "Effective Date") by and between THE CITY OF COLLEGE STATION, TEXAS, a municipal corporation and home-rule city of the State of Texas situated in Brazos County, acting by and through its City Council (the "City"), and TAC REALTY, INC., a Texas corporation (together with its successors and assigns, the "Developer"), and relating to that certain Reciprocal Operating Agreement (the "Original Agreement") executed by and between the City and the Developer on the 21st day of September, 2001.

FOR AND IN CONSIDERATION of \$10.00 and other good and valuable consideration, including, without limitation, the mutual covenants contained in this Agreement, the receipt and sufficiency of which are hereby acknowledged by the parties, City and Developer hereby agree, each with the other, as follows:

1. Capitalized Terms. Any capitalized term that is used in this Agreement and is not defined herein shall have the same meaning ascribed to it in the Original Agreement.
2. Amendments.

A) Section 2.1 of the Original Agreement is hereby deleted in its entirety and replaced with the following:

Section 2.1 The City Representative. The City hereby designates the person serving as the City Manager or his designee to be the City representative with respect to this Operating Agreement (the "City Representative"). The City Council of the City hereby authorizes the City Manager of the City to have the right and Developer agrees that the City Manager of the City shall have the right, from time to time, (i) to change the person who is the City Representative by giving Developer written notice thereof, and (ii) to grant or approve any reasonable extension of time or to amend any deadline or time period contained in this Operating Agreement. Any written Consent or Approval by the City Representative under this Operating Agreement shall be binding on the City.

B) Section 17.6 of the Original Agreement is hereby deleted in its entirety and replaced with the following:

Section 17.6 Termination. Notwithstanding and prevailing over any contrary provisions hereof, it is intended that this Operating Agreement shall be terminable upon the written notice of such termination by either Party based on the occurrence of the following: (i) pursuant to the provisions of Section 6.2 of this Operating Agreement; (ii) for failure of the Parties to negotiate and enter into the Management Agreement by March 31, 2002; (iii) for failure of the Parties to mutually agree by March 31, 2002 to the Booking Policy as

provided in Section 9.1.3 of this Operating Agreement; (iv) for failure of the Parties to mutually agree by March 31, 2002 to the Room Blocking Policy as provided in Section 9.1.4 of this Operating Agreement; (v) for failure of the Parties to agree by March 31, 2002 to the initial meeting room rental rates, conference service fees and banquet food and beverage pricing for the Conference Center as provided in Section 10.1 of this Operating Agreement; (vi) for failure of the Parties to agree by March 31, 2002 to the initial hotel room rates, restaurant food and beverage pricing and room service food and beverage pricing for the Hotel as provided in Section 10.2 of this Operating Agreement; (vii) for failure of the Parties to agree by March 31, 2002 to the initial line item, annual operating budget for the Hotel/Conference Center Project as provided in Section 10.7 of this Operating Agreement; (viii) if the City or Developer obtains a final, non-appealable judgement related to this Operating Agreement in excess of \$500,000 against the other Party and such judgement remains unsatisfied for more than 90 days; (ix) by the City in the event of a Developer Default under Section 17.1.1.2 of the Operating Agreement; (x) by the Developer in the event of a City Default pursuant to Section 17.1.2.2 of this Operating Agreement or (xi) by the Developer in the event the City has not approved a change in the zoning of the Site by March 31, 2002 which will allow the Hotel/Conference Center Project to be constructed. As to all other events and circumstances, each of the Parties waives its right to terminate this Operating Agreement. Any termination under this Operating Agreement shall automatically terminate the Related Documents.

3. Ratification. The terms of the Original Agreement are modified and amended pursuant to the terms of this Agreement and are hereby conformed to be consistent with the terms and provisions of this Agreement. Except as provided in this Agreement, the terms of the Original Agreement (including, without limitation, all Exhibits attached thereto) are hereby confirmed and ratified for all purposes and shall remain in full force and effect as originally provided.
4. Multiple Counterparts. Multiple copies of this Agreement may be executed by the parties. Each such executed copy shall have the full force and effect of an original executed instrument.

[signatures contained on next page]

EXECUTED on the dates shown below, to be effective for all purposes, however, as of the Effective Date.

THE CITY:

THE CITY OF COLLEGE STATION, TEXAS

By: _____,
Lynn McIlhaney, Mayor

ATTEST:

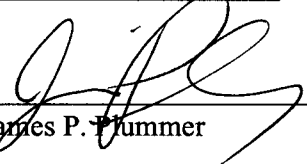
By: _____
Connie Hooks, City Secretary

APPROVED:

By: _____
Thomas E. Brymer, City Manager

By: _____
Charles Cryan, Director of Finance

APPROVED AS TO FORM:

By:  _____
James P. Plummer

DEVELOPER:

TAC REALTY, INC., a Texas corporation

By: _____
William C. Atkinson, President

EXECUTED on the dates shown below, to be effective for all purposes, however, as of the Effective Date.

THE CITY:

THE CITY OF COLLEGE STATION, TEXAS

By: _____
Lynn McIlhaney, Mayor

ATTEST:

By: _____
Connie Hooks, City Secretary

APPROVED:

By: _____
Thomas E. Brymer, City Manager

By: _____
Charles Cryan, Director of Finance

APPROVED AS TO FORM:

By: _____
James P. Plummer

DEVELOPER:

TAC REALTY, INC., a Texas corporation

By: William C. Atkinson
William C. Atkinson, President